

Commissioner Stewart Offers Tax Solution for Captive Insurers

DOVER, DE – Delaware Insurance Commissioner Karen Weldin Stewart has issued a bulletin which provides guidance to make it easier for captive insurers to comply with the new requirements within the federal Protecting Americans from Tax Hikes (PATH) Act. Captive Insurance Bulletin No. 6 establishes procedures so that owners of captive insurance companies may satisfy the PATH Act's new mandates for owning captives.

For tax years after December 31, 2016, the PATH Act will increase the annual premium to \$2.2 million that an insurer making the Internal Revenue Code section 831(b) election may receive. The PATH Act also creates two new provisions affecting these insurers. The first is how much premium an insurer may derive from a single person and the second is new ownership requirements for these insurers. Bulletin No. 6 establishes two cost efficient procedures that captive insurance company owners may follow that either change the ownership of an existing captive, or allow for the creation of a new captive.

"I am very proud that my captive insurance staff has established guidance that responds to a change in federal tax laws," said Stewart. "Delaware's captive insurance program is known throughout the world as an advocate for the captive insurance industry. Bulletin No. 6 once again affirms Delaware's position by offering a timely and efficient regulatory option for captive insurance companies."

The full text of Captive Insurance Bulletin No. 6 can be found at

<http://www.delawareinsurance.gov/departments/documents/bulletins/CaptiveInsuranceBulletinNo6.pdf>.

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